

Message Text

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PAGE 01 PRETOR 01045 302027 Z

73

ACTION AF-18

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-14 USIA-12

AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 SAL-01 OMB-01 HEW-08 EUR-25

RSR-01 /181 W

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R 301616 Z MAR 73

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 7858

INFO CAPE TOWN

DURBAN 1721

JOHANNESBURG 2515

UNCLAS PRETORIA 1045

E. O. 11652: N/ A

TAGS: EFIN, ECON, SF

SUBJECT: REACTIONS TO 1973/74 BUDGET PROPOSAL

REF: PRETORIA 1032

SUMMARY: AS REPORTED IN THE PRESS, REACTIONS TO 1973/74 BUDGET PROPOSAL RANGE FROM CAUTIOUS APPROVAL BY BUSINESS COMMUNITY TO DISAPPOINTMENT BY OPPOSITION PARTY, AFRICAN AND COLOURED SPOKESMEN. EDITORIALS IN ENGLISH- LANGUAGE PRESS COOL BUT URGING SPEEDIER IMPLEMENTATION OF DIRECTIONS IMPLICIT IN BUDGET, ESPECIALLY AS REGARDS AFRICAN WELFARE. DIE TRANSVAALER COMMENTS ON PROBLEMS PROMOTING GROWTH WHILE AVOIDING INFLATION AND CALLS FOR HARD WORK.

1. INITIAL STATEMENTS BY OPPOSITION PARTY SPOKESMAN CHARACTERIZED 1973/74 BUDGET PROPOSAL AS "DISAPPOINTING", PRIMARILY ON GROUNDS THAT LOWER INCOME GROUPS STAND TO BENEFIT LITTLE IF AT ALL. SONNY EMDIN (UP SHADOW MINFIN) DESCRIBED BUDGET AS "SET IN FRAMEWORK OF HARD-SHIP AND POVERTY AMIDST A BACKGROUND OF PLENTY... THE BUDGET MEASURES ARE WELCOME BUT THEY WILL ONLY ALLEVIATE

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PAGE 02 PRETOR 01045 302027 Z

THE SITUATION TO A MINIMUM EXTENT". HE CHIDED GOVT FOR "BANALITIES" RATHER THAN SPECIFIC PROGRAMS TO PUSH ECONOMIC GROWTH AND CONTROL INFLATION. HELEN SUZMAN (PROGRESSIVE) ALSO CALLED FOR MORE GENEROUS RELIEF TO LOWER INCOME GROUPS, NOTED POSITIVE STEPS TOWARD TRAINING AND UTILIZATION OF AFRICAN LABOR (" JUST A BEGINNING") AND COMMENTED THAT BUDGET DID NOT RECOGNIZE TRADE- OFF BETWEEN IMPROVING BASIC CONDITIONS OF AFRICANS AND DEFENSE/ SECURITY EXPENDITURES.

2. LUCAS MANGOPE (CHIEF MINISTER, BOPHUTHATSWANA) WELCOMED PROPOSAL ON TRAINING PROGRAM FOR URBAN AFRICAN WORKERS BUT SAID THAT R 48 MILLION INCREASE FOR AFRICAN ADMIN AND DEVELOPMENT SHOWED GOVT NOT SERIOUS ABOUT DEVELOPING HOMELANDS. SONNY LEON (COLOURED LABOR PARTY) SAID BUDGET PROVIDED " COLD COMFORT FOR BLACK PEOPLE OF SOUTH AFRICA" AS PENSION INCREASES MINIMAL AND OVERTAKEN BY INFLATION, AND AS INCOME TAX CONCESSIONS MEANINGLESS (ONLY SMALL FRACTION EARNED ENOUGH TO BE TAXED).

3. REPORTED REACTION OF BUSINESS COMMUNITY ONE OF CAUTIOUS APPROVAL. WHILE GENERALLY SUPPORTING GOAL OF MODERATE STIMULATION TO AVOID INFLATION, BUSINESS SPOKESMEN EXPRESSED SOME CONCERN THAT NOT ENOUGH DONE TO STIMULATE ECONOMY. SOME SECTORS DISAPPOINTED BY LACK OF RELIEF (E. G., AUTOMOBILE INDUSTRY) WHILE OTHERS CONCERNED ABOUT RELATIVELY LOW LEVEL OF RELIEF. ONE THEME RUNNING THROUGHOUT COMMENTS WAS THAT BUDGET INDICATIVE ONLY OF DIRECTION OF GOVT THINKING AND WOULD BE SUPPLEMENTED BY ADDITIONAL MEASURES TO BE TAKEN AS YEAR PROGRESSES.

4. TUCSA SECGEN GROBBELAAR NOTED WITH APPROVAL THAT GOVT " ACCEPTING FACT THAT WHITE AREAS HAVE TO HAVE A TRAINED, STABLE AND PERMANENT AFRICAN LABOR FORCE", DOUBTED THAT MEASURED IN BUDGET PROVIDED ENOUGH STIMULATION TO ATTAIN TARGETED 5.75 GROWTH

RATE, AND FELT THAT MINFIN " TOO OPTIMISTIC" ABOUT CONTROL OF INFLATION.

5. EDITORIAL COMMENT. (RAND DAILY MAIL) " ON BALANCE, THEREFORE, WHILE THE BUDGET WILL HELP THE ALREADY WELL- OFF, IT LACKS THE IMAGINATION AND THE SCOPE WHICH IT SHOULD HAVE HAD FOR SOUTH AFRICA IN 1973". (PRETORIA NEWS) " THIS YEAR'S BUDGET IS GOOD AS FAR AS IT GOES -- BUT IT DOES NOT GO FAR ENOUGH... WHITE ECONOMIC PROSPERITY -- AND, IN THE LONG RUN, WHITE POLITICAL SECURITY-- UNCLASSIFIED

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PAGE 03 PRETOR 01045 302027 Z

DEPENDS ON THE IMMEDIATE LAUNCHING OF A MASSIVE NATIONAL CAM-

PAIGN FOR AFRICAN SOCI- ECONOMIC ADVANCEMENT ON ALL FRONTS. TO
SOME EXTENT THE BUDGET RECOGNIZES THIS... BUT THE GOVERNMENT
DOES NOT YET SEEM TO HAVE GOT THE MESSAGE OF THE / AFRICAN /
STRIKES ANYTHING LIKE AS LOUDLY AND CLEARLY AS IT SHOULD HAVE DONE.
/ AFRICAN-/ TRAINING IS URGENTLY, DESPERATELY NEEDED... HOMELAND
DEVELOPMENT IS NECESSARY ON A MASSIVE SCALE... THE NEGLECT OF YEARS
CANNOT BE REMEDIED IN ONE BUDGET DAY. BUT WE MUST MOVE FASTER".
(JOHANNESBURG STAR) " IN ESSENCE, THIS IS A ONE- SOUTH AFRICA
BUDGET FRAMED IN THE BELIEF THAT ONLY BY USING ALL OUR RESOURCES--
AND BY TRAINING OUR HUMAN RESOURCES-- CAN WE ACHIEVE REAL GROWTH,
IN HUMAN AND ECONOMIC TERMS, AND HOPEFULLY
OUTPACE INFLATION, BUT
TO REACH THAT TARGET, TIME DARE NOT BE WASTED..." (TRANSVALER).
" DR. DIEDERICHS HAD A DIFFICULT TASK TO PERFORM IN TRYING TO PROMOTE
GROWTH WITHOUT STIMULATING INFLATION. THE SELECTED ACTIONS CAN
BRING THE DESIRED FRUIT IF HE GETS THE NECESSARTY HELP-- MODERATION
IN SALARIES AND WAGES, JUDICIOUS CONSUMPTION EXPENDITURES, AND
INCREASED PRODUCTIVITY-- WHICH MEANS HARDER AND MORE EFFICIENT
WORK".

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